

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3156-01  
Bill No.: HB 1642  
Subject: Business and Commerce; Uniform Laws; Contracts and Contractors  
Type: Original  
Date: February 18, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
General Revenue	(\$250,482)	(\$59,382)	(\$60,866)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$250,482)</b>	<b>(\$59,382)</b>	<b>(\$60,866)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

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## **FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Conservation** and the **Department of Economic Development** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Secretary of State's Office (SOS)** assume the proposal could result in the Office of Information Technology (OIT) promulgating rules. SOS assumes the rules, regulations and forms issued by the OIT could require as many as 16 pages in the Code of State Regulations. SOS notes for any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. SOS estimates the cost of a page in the Missouri Register and the Code of State Regulations to be \$23 and \$27, respectively. SOS estimates costs of \$984 for FY 2003. SOS states the impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decision to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Transportation (DHT)** assume the proposed legislation would require one additional full-time Information Specialist with an annual salary of \$33,468. This employee would be responsible for all paper work and applications with the Office of Information Technology. DHT assumes costs related to hiring one additional FTE would be \$49,444 in FY 2003; \$50,885 in FY 2004; and \$52,164 in FY 2005.

**Oversight** assumes additional duties resulting from passage of this proposal could be handled by existing DHT staff.

Officials from the **Office of Administration - Office of Information Technology (OIT)** state there are several issues related to electronic transactions and digital signatures that will require the development and support of policies, standards, and procedures. OIT notes the proposal assigns these responsibilities to their agency. OIT assumes the costs to General Revenue, associated with the proposal, would be \$286,554 in FY 2003; \$121,923 in FY 2004; and \$125,202 in FY 2005. OIT assumes the proposal would result in the need to hire an additional Computer Information Technology Specialist I. OIT also assumes they would need to hire 1.15 FTE consultants in the first year and .23 FTE consultants in ongoing years.

### ASSUMPTION (continued)

**Oversight** assumes:

- (1) Ongoing responsibilities to support the proposal could be performed by the additional FTE and not require the services of consultants in fiscal years 2004 and 2005;
- (2) In FY 2003, consulting services could be handled by 1 FTE as opposed to 1.15 FTE.
- (3) The salary of the additional FTE was adjusted to reflect salaries more closely in line with the State's hiring practices.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Office of Information Technology</u>			
Salary (1 FTE)	(\$35,496)	(\$43,660)	(\$44,751)
Fringe Benefits	(\$12,782)	(\$15,722)	(\$16,115)
Expense and Equipment - Consulting	(\$197,600)	\$0	\$0
Expense and Equipment - Travel	<u>(\$4,604)</u>	<u>\$0</u>	<u>\$0</u>
Total Cost	(\$250,482)	(\$59,382)	(\$60,866)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$250,482)</u></b>	<b><u>(\$59,382)</u></b>	<b><u>(\$60,866)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses would need to become familiar with the provisions of the new Uniform Electronic Transactions Act.

DESCRIPTION

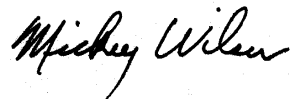
KLR:LR:OD (12/01)

This proposal repeals the current Missouri Digital Signatures Act contained in Sections 28.600 through 28.684, RSMo. The proposal enacts the provisions of the Uniform Electronic Transactions Act, which makes electronic transactions as enforceable as traditional paper transactions if the parties agree to transact electronically, as long as certain procedural requirements are met. The proposal allows electronic transactions and electronic signatures to be legally binding for contracts in courts. For public or private documents that are required to be retained, electronic records may be retained in lieu of paper records, unless specifically prohibited by law. The proposal still requires manual execution of certain documents, including wills, codicils, or testamentary trusts, as well as certain other documents as specified by the Uniform Commercial Code.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Office of Administration - Office of Information Technology  
Department of Conservation  
Department of Transportation  
Department of Economic Development  
Secretary of State's Office



Mickey Wilson, CPA  
Acting Director

February 18, 2002